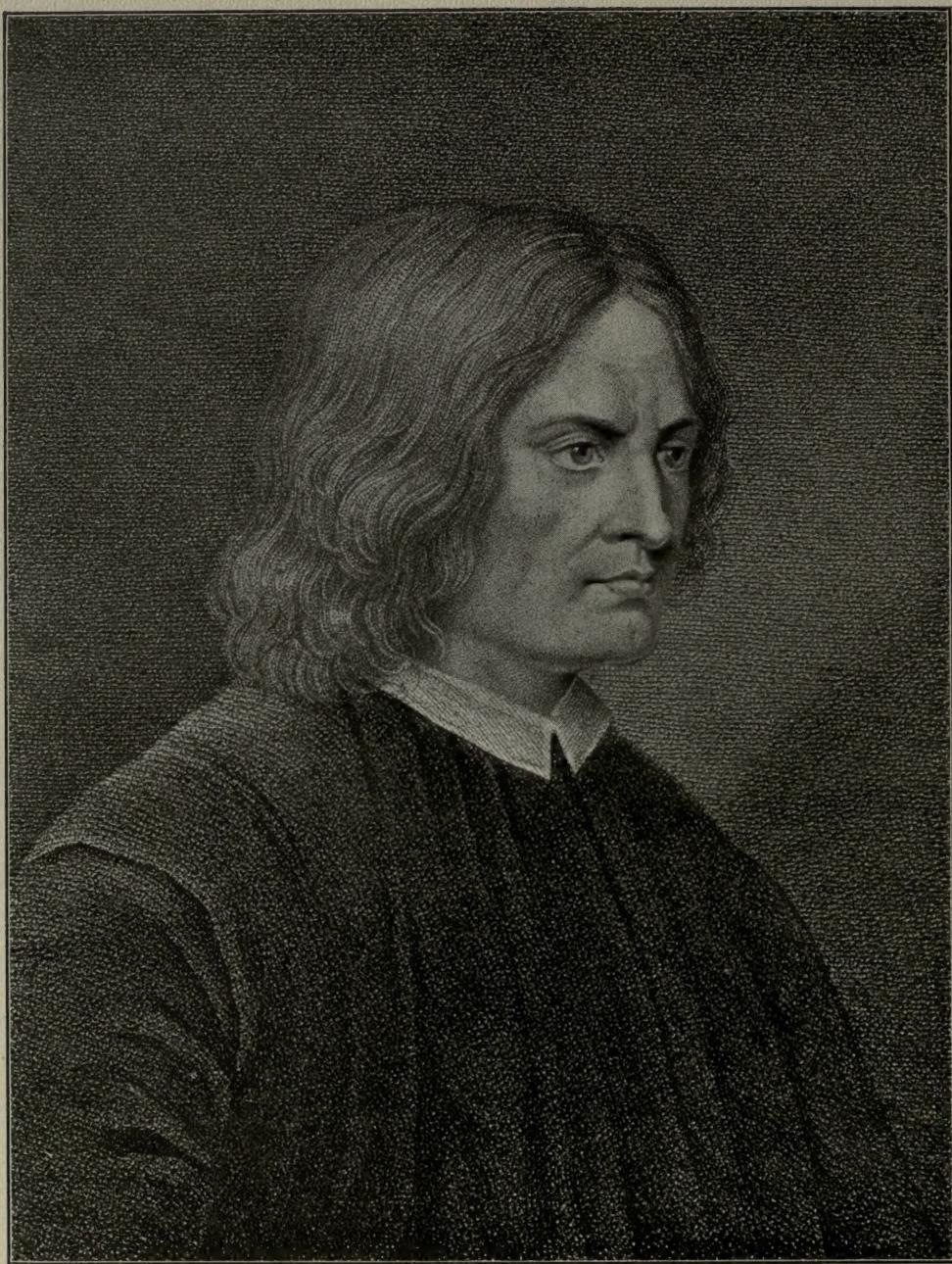


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**TRADE
AND TRADE CENTERS
OF HISTORY**



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TRADE
AND TRADE CENTERS
OF HISTORY

BY

W. HAMILTON BENHAM

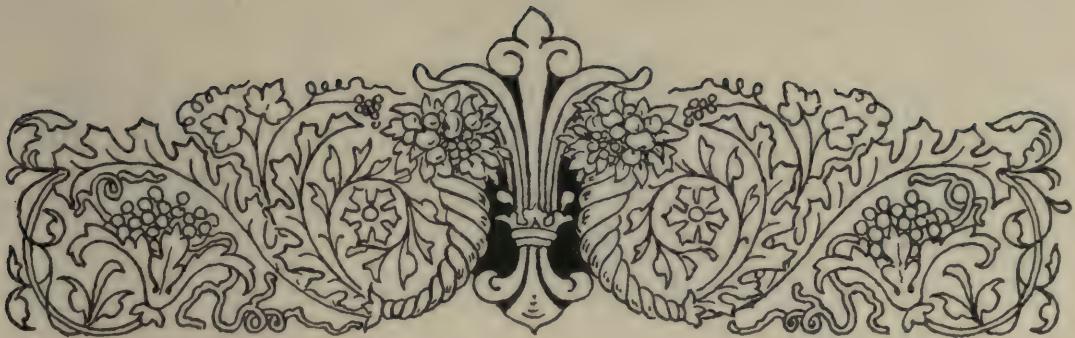


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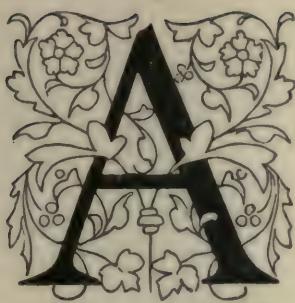
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PREFACE



At my request, Mr. Benham made a catalogue of my collection of engravings, mezzotints and woodcuts, of Merchants, Bankers and Financiers of former times, and in writing the biographies of these men, he made the subject of Commerce in the period prior to the American War of Independence so interesting, that I asked him to prepare a paper on Commerce from the early days of history to about the end of the Eighteenth Century. The task was a difficult one, but Mr. Benham has handled the subject so well that I have had his sketch printed in the belief that others will enjoy reading it. It is also a pleasure for me to reproduce therewith a few prints from my collection.

The catalogue proper is not included in this volume but is printed separately inasmuch as it is interesting only to collectors.

TRADE AND TRADE CENTERS OF HISTORY

To future collectors must be left the work of gathering together a group of portraits of the many remarkable men of affairs of this day and generation, whose work will in time be greatly appreciated.

A great railroad man and financier recently deceased was described as "An Apostle of Accomplishment"—Perhaps this term could be aptly applied to many men pictured in my collection.

HENRY C. SWORDS.

NEW YORK, May, 1907.





AUTHOR'S PREFACE

A STUDY of the lives of some of the prominent merchants and financiers of the past led to the study of the field of their activities. The result is the two brief essays contained in this little book. The work is plainly a mere outline of a field almost as large as history. Volumes have been written upon subjects here merely touched upon. A bird's-eye-view of the subject as a whole is all that is intended. Thereby the author hopes to present a few salient features and determining factors in the progress of trade which are often missed by the average reader, when given in connection with a mass of detail. One may presume more in attempting a large subject within a small space than in writing an exhaustive treatise. However that may be, the purpose is served if the brevity of the treatment makes possible to busy people a general understand-

TRADE AND TRADE CENTERS OF HISTORY

ing of the progress of trade and of the underlying causes of the changes in commercial supremacy. With this purpose in view and without any claim to original research the work is left to the tender mercies of the reader.

W. HAMILTON BENHAM.

DETROIT, October 1st., 1906.



REFERENCES

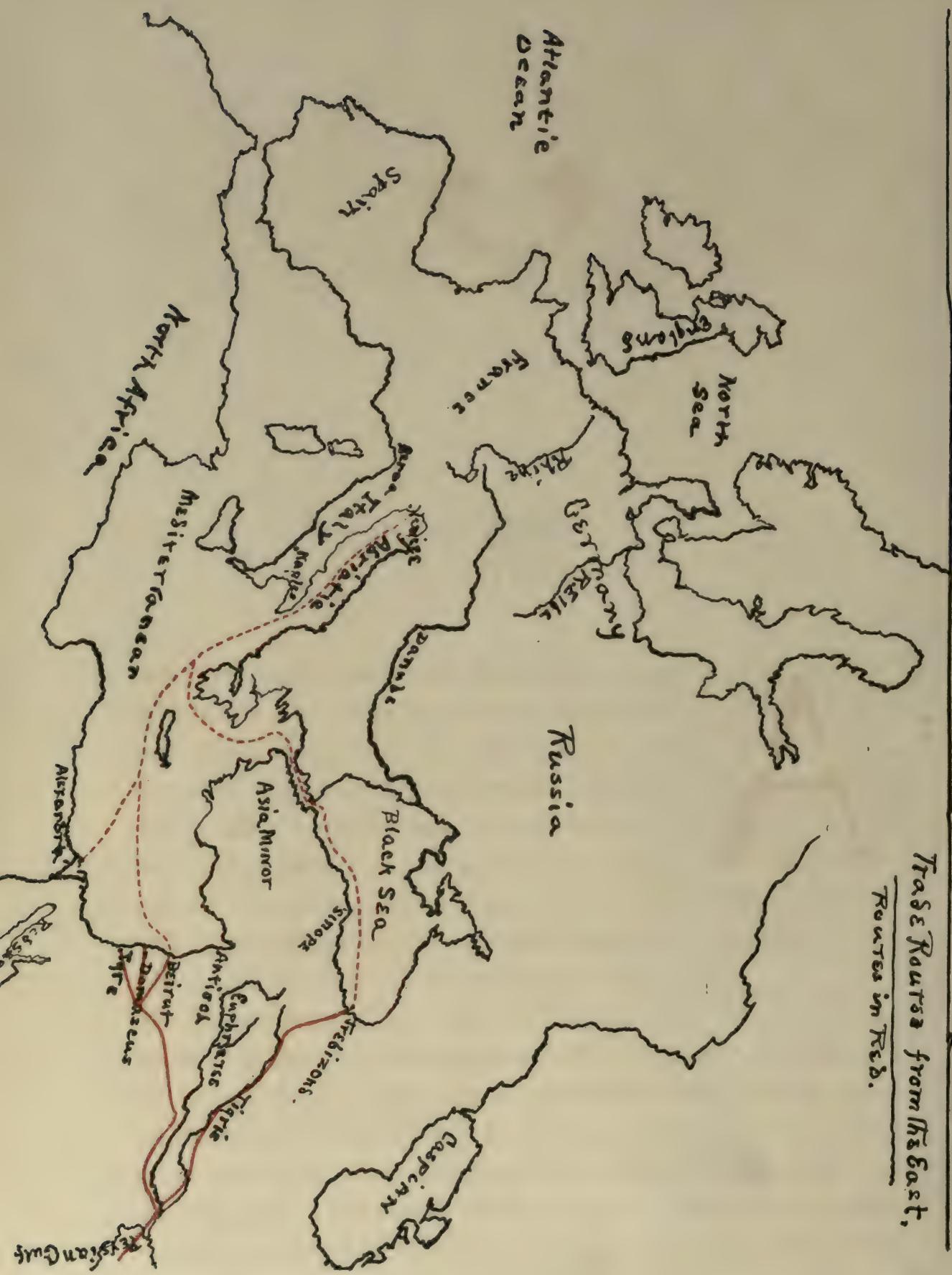
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THE ROMANCE OF COMMERCE . . .	<i>Onley</i>
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EARLY TRADING COMPANIES OF NEW FRANCE	<i>Biggar</i>
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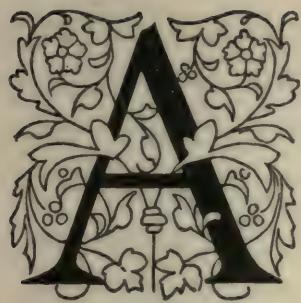
PART I

Trade Routes from the East.
Routes in Red.





PART I



MONG the great inventions that have excited the wonder of men and the praise of history one is quite generally forgotten. Even the name of the inventor is a subject of conjecture. Many nations claim him as their own. This invention is the compass. It is commonly supposed that this honor belongs to Flavio Gioja, a citizen of Amalphi, the once famous republic in Italy; and that the time is near the beginning of the Fourteenth Century. But passages have been produced from writers who flourished more than a century before Gioja, in which the polarity of the needle when touched by the magnet is distinctly pointed out. And not only had this singular property been discovered, but also its application to navigation, long before the Fourteenth Cen-

The Compass

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tury. Up to that date it was usual to float the needle by means of a straw on the surface of a basin of water. It is difficult to understand how mariners at sea could avail themselves of such a floating needle. At least it is claimed that we are indebted to Gioja for the card and the method now followed of suspending the needle; improvements which have given to the compass its convenience and utility. At all events, it is probable that the Amalphitans were the first to introduce it to general and practical use.

Says MacPherson: "The compass has given birth to a new era in the history of commerce and navigation. The former it has extended to every shore of the globe, and increased and multiplied its operations and beneficial effects in a degree which was not conceivable by those who lived in the earlier ages. The latter it has rendered expeditious and comparatively safe. By the use of this noble instrument the whole world has become one vast commercial commonwealth, the most distant inhabitants of the earth are brought together, ancient prejudices are obliterated, and mankind is civilized and enlightened."

The magnetic needle, then, may be said to point the way of progress. It only needed that men should be able to find their way over the trackless wastes of water for them to learn to build ships that were staunch enough for the open seas.

A distinguished scholar has traced the development of civilization from the banks of rivers to the shores of in-

The Way of Progress land seas, and finally to the great oceans. Civilization, and hence commerce, had its first home on the banks of the Nile and Ganges. The real sailor was then only a kind of myth. Men hugged the shores and merely floated

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their goods from one point to another. Even the Mediterranean was then as unknown as are to-day the Antarctic wastes.

Phoenicia (now Palestine), that ancient power on the eastern shore of the Mediterranean, produces the first sailor. That is, the Phoenician is the first one to put sailing to a practical use.

The First Sailor
Now the center of civilization moves westward to his home. This era of ancient is succeeded by that of medieval commerce. The sailors of the Italian cities become the common carriers of the world. Italy is therefore, the center of Middle Age wealth and commerce. Already Rome had made roads for her into the wilds of northern and western Europe. But the conquest of the waters goes on. The Pillars of Hercules, the gateway into the then unknown Atlantic, are passed and passed safely. A water lane is made out into the Atlantic, round Spain to the shores of France and Britain, into the North Sea, and to the lands bordering the Baltic.

Sea power is always predominant. The land routes are in all ages of commerce subsidiary to the water lanes.

Sea Power
Tide water is their natural terminal, which they seek by the easiest and shortest way. For it is always cheaper to float commerce than to carry it overland. And now the age of the inland seas has to yield in turn its supremacy to the centers round the Atlantic. The star of commerce as well as empire always takes the westward course. In fact the empire always follows the commerce. The trader is first and the ruler is second in the line of advance.

History has too long been regarded as the story of reigning families, political factions, and professional

TRADE AND TRADE CENTERS OF HISTORY

rulers. The real history shows that these are the creatures of the workers. Back of the political cause of the *The Real History* change, rise, and decay of nations, is always an economic cause. Rulers are a luxury. Some thing must support them. Nations usually go to war with very material ends in view. Somebody must pay for the war. And the sinews are forthcoming only when some economic good is thought to be possible. The merchant and the banker are the real rulers of the world, the arbiters of peace and war, and the forerunners of the onward march of civilization.

And now just as we live in the era that centers about the Atlantic, so the age of the Pacific must come sooner or later. Thus, in the natural course of things, there may come a time when Japan and America will hold the political and commercial supremacy of the world.

It is the purpose of this essay to trace in outline the rise and fall of the trade centers of the Middle Ages, and the *The Purpose of this Work* influence on them of commerce as affected by invention and discovery.

The trade centers depend on trade lines; trade lines, let us remember, depend on transportation; transportation depends on discovery; and discovery depends on invention. The needle, as we have seen, points the way.

To understand European trade we must first point out ancient trade centers. The earliest were Egypt and India. Dr. Adam Smith thought this to be *Ancient Trade* due principally to the facility of intercourse between their different towns and provinces, which was afforded by the Nile and Ganges and the canals and streams subsidiary to them. Nineveh and Babylon were

TRADE AND TRADE CENTERS OF HISTORY

also great centers. And they in turn owed their great wealth to the Tigris and Euphrates. It was the age of the rivers. The Phoenician brings the trade to the inland sea.

It is interesting to observe that the earliest branch of commerce which we find noticed in history continues to

Phoenician Commerce
be one of the most important and valuable. We refer to that between Europe on the one hand, and Arabia, India and the East, on the other. At the first dawn of authentic history this trade had its center in Phoenicia. Tyre and Sidon were its ports. The prophets of the Old Testament represent Tyre as a city of unrivalled wealth, "whose merchants were princes and whose traffickers were the honorable of the earth." This is about 700 B.C.

Previous to this time trade along the banks of the great rivers was undoubtedly local and, so far as it was international (or rather inter-racial), was sporadic and uncertain. But now the Phoenician comes to the fore. His land is well placed to make him what he became, the carrier between the East and West. To him belonged the eastern shore of the Mediterranean. The Red Sea formed an adjacent waterway to the east. To the west he could hug the shores of this great inland sea and reach out to the many islands to the north and to the peoples of the Aegean, the Black Sea, and the Adriatic. The absence of tides in these waters, the smoothness of their surface, the number of the islands and the proximity of their shores, were all adapted to promote the infant commerce of the world, when from their ignorance of the compass men were afraid to get out of sight of land, and from the imperfection of their crafts to venture upon the boister-

TRADE AND TRADE CENTERS OF HISTORY

ous waves of the ocean. Still, the Phoenician sailors became famous. They covered the Red Sea as well, and seized upon the Oriental trade.

Herodotus is authority for the statement that a fleet manned by them departed from a port on the Red Sea about 604 B.C., and that always keeping to the right they doubled the southern promontory of Africa; and after a voyage of three years they returned to Egypt by the Pillars of Hercules (Gibraltar). He states that in doubling the south end of Africa they had the sun on their right hand, or to the north of them. This is strongly corroborative of the fact that they anticipated Vasco de Gama by more than 2,000 years. This voyage, however, was unproductive of any good to the world.

A glance at the map will at once show the vast deserts that intersect Asia and Africa. These have given an in-

Land Commerce delible character to their internal inter-course. The wonderful improvements in navigation have revolutionized maritime commerce. But except in Europe and North America most of the land trade of the world is conducted to this day nearly in the same manner and by the same routes as 3,000 years ago.

The camel is the ship of the desert over this sea of sand on the borders of Asia and Africa. The caravan formed the connection between the Phoenician sailors of the East and West. The deserts have always been infested by wandering tribes of predatory Arabs who assault, plunder, or tax all who pass over these arid wastes. It was unsafe for the individual trader to pass that way. Hence the origin of the caravans, or associations or companies, of merchants or travellers. Thus they gained protection

TRADE AND TRADE CENTERS OF HISTORY

and commerce could live—just as later the Hanseatic League policed the way from Italy to the North, and then later, as the American crossed the western plains in safety in spite of the Indian marauders.

Commerce once safeguarded, the Phoenician cities became world centers, when Greece was mythological and

*Tyre and Sidon
World Centers*

Italy a frontier. Antiquity ascribes to the Phoenicians the invention and practice of all those arts, sciences and contri-

vances that facilitate commerce. They gave to the world letters, weights and measures; and through them money came into use. They also began the art of keeping accounts. Phoenicia had now largely finished her mission. She had shown the world how to trade and other peoples were not slow to take advantage of it.

This dates from the time of Alexander. That conqueror subdued her and appropriated her wealth and knowledge for the rising Greek world.

Phoenician Decline

Her real decline, however, dates from the founding of Alexandria. This city was better located to catch the trade from the East; and now caravans brought to her from Arabia and India the products that were exchanged for the gold, silver, and linens of Europe.

Here it may be well to point out the routes of trade to the East. For, as indicated above, at least on land they remain practically the same in all ages.

*Eastern
Trade Routes*

The route by Egypt and the Red Sea was probably the most important. From Aden the caravan came up to Cairo and thence by canal to Alexandria, which was a great distributing point.

Another way from India was through the Persian Gulf

TRADE AND TRADE CENTERS OF HISTORY

to Beirut, its head. From here one line was along the Tigris to Bagdad, thence to the head waters of the river. Here caravans went overland through Armenia to Trebizond on the Black Sea. Others turned west and reached the Mediterranean by way of Antioch.

Still another way from the Persian Gulf was by water up the Euphrates to Babylon, then across Syria by caravan to Damascus, which was the distributing point for all the ports on the Eastern Mediterranean.

Barring the Suez Canal and projected railroads, these constitute the Eastern trade routes to this day. The Ancient and Medieval and Modern commerce, all follow these routes to the waters of contact with Europe. So, amid all the later changes, we may refer to them as fixed points of departure.

It is necessary in a brief review like this to omit details and go to the very center of the subject. Rome stands at

*Commerce of the
Roman World*

that center. Nations and cities build up vast wealth and trade. They contribute elements of advance to civilization. No

sooner has this occurred than other people take advantage of it. So to speak, they learn how to use the weapons of their superiors. Just in this way it seems probable that China will learn from Japan. War is the result, with its object the gain of some of the advantages of the newer civilization. The Greeks grasped the power from the Phoenicians. Carthage was founded and soon drew the envy of the Roman. Nor did Rome stop here. Soon the world of the Mediterranean belonged to her. The center of power had moved westward, and now all the glorious cities of the East became mere entrepôts for the trade of Rome.

TRADE AND TRADE CENTERS OF HISTORY

The Greeks were not a commercial people. Neither was Rome. But they knew how to foster and control commerce. The Romans were splendid warriors and statesmen. They taught law and politics to the world. They brought the peace which is vital to commerce. Their function was to govern, not to trade; and they did the business fairly well. In a word, they made trade possible for the world of their time.

Let us note some particulars. Peace once secure, the Romans saw that accessibility was the next necessity. They determined to make Rome the greatest city and center of the world, and they did so. In the time of Augustus, Rome had a population of about 1,500,000. Rome had no good harbour. Ostia was her port of entry. Augustus made a canal to Terracina which was reached by sea from Puteoli. Claudius and Trajan subsequently built fine harbours at Ostia. Thus the way was open to receive maritime commerce.

One of the greatest works of the Romans was road building. As soon as they conquered a country, they built a road to it. The net-work of roads spread all over the provinces like a modern railway system, starting from the Golden Milestone in the Forum at Rome. These were maintained by the government. First, military roads were made throughout Italy. Then a highway was built east through the mountains of Epirus and Macedon. Another was made from Rome along the coast to France and Spain. On these great highways there were relays of couriers and afterwards of vehicles. The distances were regularly marked out, and time-tables made. This policy was so successful that commerce in that time was chiefly carried

Roman Roads

TRADE AND TRADE CENTERS OF HISTORY

on by land; while in later times, when the roads went out of repair, merchants in the Middle Ages always tried to go by water.

Another contribution from Rome was the codification of laws. A Roman province was governed by a code put forth by the governor, consisting largely *Jus Gentium* of legal principles common to all nations. *"The Law of Nations"* Here was the beginning of international law. To this a foreigner could always appeal. The result was a basis upon which all disputes could be settled.

Another advantage was the settlement of a better standard of currency. At first the Romans used copper, then silver, but under the Empire a gold standard was general. The chief coin was the aureus, worth about £1. This equalled 25 denarii, silver coin worth in turn 100 sestertii, the brass coin. Bills of exchange were also freely used. With these facilities Rome fostered the commerce of all peoples, which in turn was benefited by the wise policy of government, a government which exacted a tribute but at the same time protected the tribute giver.

Roman Currency Finally, the barbarians to the north and east began to crowd down upon this splendid civilization. By the middle of the Fourth Century the Teutons were a real menace to the Empire. The Huns, the Goths, and the Franks pressed down upon Rome. Internal dissensions also weakened her. The Empire was divided. Then came the Lombard and finally the Saracen. For a time the old civilization was utterly obliterated. During the 500 years from Constantine to Karl the Great (300–800 A.D.) there was nothing worthy of the name of commerce. Even

TRADE AND TRADE CENTERS OF HISTORY

agriculture and industry decayed. Robbery and violence ruled. The East became an unknown land. It was the age of darkness once more.

The great barbarian invasions stopped the machine of commerce but did not greatly damage it. After this

Medieval Trade period of confusion there still remained Roman roads, Roman cities, and Roman

law, ready for the revival of trade. Feudalism slowly collected the scattered peoples into towns and small communities. Each had its own laws, customs and tributes. Commerce was still greatly hampered, but it was better than nothing. Then came the Crusades, facilitating communication, and bringing the West once more into contact with the East and eastern culture. The Crusaders came back with new ideas and new needs, which commerce alone could satisfy. So the ships that carried soldiers to the East began now to be used also to carry the products of East and West in amicable exchange.

At this time the trade of the world may be divided into two great divisions—the commerce of the East and that

*Two Divisions
of Trade* of the North. The Romans had never penetrated to any extent into the territory of the Germans and other nations

to the north and west. England was a most remote frontier; London, a collection of hovels. Now the northern peoples begin to come into prominence. Karl the Great was their first organizer. He was the founder of Hamburg, afterwards the center of the great Hansa. Towns began to rise into prominence all over Europe. These were subject to no lord but the Emperor to whom they gave an outward free allegiance. So the free cities of the Middle Ages came into being. They were a stage

TRADE AND TRADE CENTERS OF HISTORY

on the way back from anarchy to centralized government. In a way they remind one of the freedom and independence that existed in the North American settlements previous to the establishment of a strong colonial system. Their allegiance to the crown rested very lightly upon them.

The first group of these free cities in time and importance is that of Italy. They formed the gateways of *Italian Free Cities* the eastern trade. From the Eleventh Century and onward the whole country became a vast assemblage of city commonwealths. They could defy Kings and Emperors, set up and pull down even Popes; and their wealth was marvellous.

Of these free cities Venice was the most ancient and important. Attila having invaded Italy in A.D. 452, a

Venice number of the inhabitants of Aquila and the neighboring territories founded a poor but secure asylum in a cluster of small islands near the bottom of the Adriatic Gulf. They speedily acquired a supremacy in that sea. "From her insular strongholds," says Sismondi, "Venice beheld the long agony and termination of the Roman Empire in the West. She witnessed the rise and fall of Ostrogoth and Visigoth, of Lombard and Saracen. She saw the rise of the Empire of the Caliphs; she saw it threaten to subdue the earth, and she saw it fall to pieces and expire. Long connected with the Byzantine Emperors she was by turns their ally and their foe. She bore away from their capital trophies, such as the bronze horses of St. Mark's place. She beheld also the extinction of the Empire and the rise of the Ottoman power on its ruins (1453)." All this before the proud republic ceased to exist!

TRADE AND TRADE CENTERS OF HISTORY

The form of organization here and in all the other free cities was the famous one of the guild. It was very much

Merchant and Craft Guilds the same sort of thing that we now call a club, or a chamber of commerce, or a union. Originally these guilds were for

religious purposes; possibly their earliest form was that of the ancient burial societies of the Roman Empire. Through such organization it seems that the early Christian societies found it possible to exist during the persecutions. The catacombs, for instance, go to show this. At any rate we find these guilds of four kinds—religious guilds, guilds for protection in legal matters, merchant, and craft guilds. The merchant guilds were the most powerful and became often the actual rulers of the cities. The craft guilds were also active. They secured good workmen under their apprentice system and by providing a common fund looked after their members in sickness and death and relieved the distress of a guildsman or his relatives. Both forms of guilds discouraged competition and encouraged monopoly. Nevertheless, good workmanship was encouraged and industry and commerce were developed. Free trade and free work are entirely modern. They were not even understood before modern times.

This form of organization is common to all the free cities. Let us first see how Venice prospered. She was

Venetian Foundations

founded upon the salt and fish industries. Salt was produced entirely by evaporation; none being mined. Fish was a great staple in an age when meat was scarce and prohibited by the Church so many days of the year. But the city soon outgrew this stage. The Crusaders passed through her on the way to the East. Here was the great

TRADE AND TRADE CENTERS OF HISTORY

gateway then, first of Oriental war, then of commerce. She grew rich in acting as a common carrier; and the Venetian became the sailor of the world.

At the time of the Crusades the Venetians had greatly improved the art of seamanship. The vessels which navi-

Venetian Sailing gated the Mediterranean in the Thirteenth, Fourteenth and Fifteenth Centuries were superior to any that had previously been seen in that sea. The best class was fitted successfully to encounter the rough waves of the Atlantic. In antiquity and down to this period, only one mast had been used; but vessels with two and three masts, and square rigged, began now to be used. The art of tacking was discovered; and voyages during the winter season which had been unknown to the Greeks and Romans were brought into general use. It needed only the application of the magnetic needle to nautical purposes, which indeed took place about this period, to carry navigation to a state of perfection.

Venetian ships of the largest class were called galleasses, and were fitted out for the double purpose of war and commerce. Some of them carried 50 pieces of cannon and crews of 600 men. These vessels were sometimes called argosies.

“Your mind is tossing on the ocean;
There where your argosies with portly sail,
Like seignors and rich burghers of the flood,
Do overpeer the petty traffickers.”—

says Shakespeare in *The Merchant of Venice*.

At this period Venetian shipping consisted of 3,000

TRADE AND TRADE CENTERS OF HISTORY

vessels of from 100 to 200 tons burden, carrying 17,000 sailors; 300 ships with 8,000 sailors; and 45 galleys with 11,000 men for the protection of her trade.

Besides the salt and fish trade of Venice the glass manufactured was famous. Scholars know the perfection

to which she brought the art of printing.

The classics issued from the Aldine presses are still universally admired.

The Bank of Venice was established in the Twelfth Century and its credit was

guaranteed by the state. The great Rialto, or Exchange, where its merchants met, was famous throughout the world. Ships of every nation thronged the quays, and strangers crowded her streets. So great was the number of the latter that hotels were erected for their accommodation. She had the first hotels, the "Moon," built in 1319, and the "White Lion," in 1324. She controlled all the northern shore of the Adriatic and Crete and Cyprus, and after the Fourth Crusade, she had considerable possessions in Greece and the Aegean Sea. As to labor in Venice, a state of inquisition existed there that outdid the modern labor union. A statute reads: "If any workman or artisan carry his art to a foreign country to the prejudice of the republic, he shall be ordered to return: if he does not obey, his nearest relations shall be imprisoned, that his regard for them may induce him to come back. If he returns, the past shall be forgiven and employment provided for him in Venice. If in spite of the imprisonment of his relatives, he persevere in his absence, an emissary shall be employed to dispatch him; and after his death his relations shall be at liberty." Such was the power and organization of a Medieval republic. Venice is the leader,

*Trade
Bank of Venice
First Hotels
Labor Unions*

TRADE AND TRADE CENTERS OF HISTORY

but she is also the type of the great free cities of the Middle Ages.

Genoa was the great rival of Venice. Her great asset was a safe and spacious harbour, as it is to this day. She came into prominence in the Eighth Century at the time of the Saracen invasions and in the era of the Crusades was al-

Genoa.
Other Cities

ready celebrated as a trading center. Genoa drove a flourishing trade with Sicily and North Africa, the south coasts of France, even with Flanders and Germany, and the coasts of Asia Minor and Greece. Here she came into collision with Venice in her attempts to get a share of the Greek and Black Sea trade. Finally, she gained the supremacy and almost monopolized the Euxine in the Fourteenth Century. Genoa was torn, however, by internal dissensions. At last she had to yield the supremacy of the Mediterranean and Aegean to Venice; and the Turks drove her out of the Black Sea trade. She ended by becoming subject to Milan. Milan was famous as a manufacturing town, and therefore for a long time was unaffected by changes in sea power and trade routes.

The same is true of Florence. Her history is well known. The Medicis made her the most splendid city of

Florence

all Italy. Her wealth was gained chiefly by her great banking operations. Her bankers controlled the financial operations of the world. Nearly every great loan was effected through her agency. Kings and Emperors borrowed of her. Edward III of England owed the great bankers, the Bardi, when they failed, 900,000 florins. He also owed the Peruzzi 600,000. The King of Sicily also owed them great sums. The repudiation of these debts by royalty caused the failures of these houses in 1345. Such was the character of the



RIDOLFO DI
PERUZZI PATRIZIO
SOSTENITORE
E DECORO
nato nel MCCCCLXX.

A Sua Eccellenza il Sig^o Marchese Lodovico de Peruzzi Cavaliere dell'
Ordine Reale, e Militare di S^o Lodovico, Luogotenente Generale
dell'Armata del Re di Francia, e Governatore d'Ardres in Piccardia.

Preso da un Quadro in Tela esistente presso l'Ill^o Sig^o Cav^o Bindo del già Sig^o
Giuseppe Zuchi det:



BONIFAZIO
^{no} FIOREN. ILLUSTRE
DELLA LIBERTÀ,
DELLA PATRIA.

morto nel MCCCCXXX.....

Fran Allegri in a. 166.

TRADE AND TRADE CENTERS OF HISTORY

leading Italian cities. What caused the change aside from their internal dissensions will appear later on.

The trade of the North centers in the Hanseatic League. The Hansa, which means league, is the name given to an

*Trade Centers
of the North*

association formed in the Twelfth and Thirteenth Centuries of the principal cities in the north of Germany, Prussia,

and Poland for the better carrying on of commerce and for their mutual safety and defense. Hamburg and Lubeck were the earliest members. Their object at first was mutual defense against those disorders which then prevailed in the north of Europe on land and on sea.

In the Eleventh Century the northern and eastern shores of the Baltic were very little frequented and known. But from the beginning of the Twelfth Century progress in commerce and navigation was very swift. The Hansa was at the highest degree of power and splendour during the Fourteenth and Fifteenth Centuries. It then comprised from sixty to eighty cities which were divided into four circles or classes. Lubeck was at the head of the first which included Hamburg, Bremen, etc. Cologne stood at the head of the second with twenty-nine towns under it; Brunswick at the head of the third and Danzic of the fourth. The representative authority was vested in the deputies of the different towns assembled in a congress which met every three years, or oftener, as occasion required. Lubeck was the capital.

As their property increased their ambitions widened. They did not seek merely to protect their own commerce,

*Influence of the
Hansa*

but also to dominate the Baltic Sea, as Venice controlled the Adriatic. To attain this object they secured special privileges and immunities from the northern kings.

TRADE AND TRADE CENTERS OF HISTORY

These were secured through loans. Monopoly and protective measures were their weapons. In this way the Hansa towns grew to be cities of great wealth and splendour, as their buildings and churches testify to this day.

But their ambitions went beyond even this. To facilitate their commercial transactions the League estab-

Factories lished various agencies called "factories" in foreign countries. The principal ones were at Novgorod, London, Bruges in the Netherlands, and Bergen in Norway.

Novgorod became the center for the trade of all the Northeast. At the middle of the Fifteenth Century it was

Novgorod said to have a population of 400,000, and it flourished until the Russians took and sacked the city. After the founding of St. Petersburg it sank into an inconsiderable town.

The Hansards gained a place of considerable importance in London. They enjoyed there special privileges

London and immunities. They were permitted to govern themselves, like the foreign concessions in China to-day. The custody of one of the city gates was given over to them (Bishopsgate). Duties on various sorts of imports were reduced in their favor, a privilege which led to abuses and enmity between them and British merchants whose commerce in the Baltic they were said to impede. Their factory in Thames Street was frequently attacked. They defended themselves vigorously and declared war against England. English vessels were excluded from the Baltic; and Edward IV was glad to come to terms with them which were anything but honorable. So they came to be the commercial power of London for long time. Their great privileges were

North Sea

Trade Routes
between
North and South Europe.

Russia

Frankfort
Cologne

Atlanta
Oceania

France

Austria

Italy

Spain - Massis

Lisbon

Mediterranean

Sicily

Cyprus

Greece

Constantinople

Bulgaria

TRADE AND TRADE CENTERS OF HISTORY

finally abolished in 1597, when the British merchants had grown too strong to brook a foreign rival in their midst.

Bruges was the center of the Italian trade. It was the intermediate station for maritime commerce between North and South; an institution which was necessary in the days when a voyage to the Baltic and back could not be accomplished in the same season.

From the middle of the Fifteenth Century the League began to decline naturally; for its work was done. Its existence depended upon the disorganized state of society; and this condition its example and power helped to do away with. Gradually these countries had learned of it the lesson of order. As the several cities became able to manage their own commerce, the function of the League ceased as a matter of course. Their confederacy fell to pieces; and at the middle of the Seventeenth Century only Lubeck, Hamburg and Bremen remained. These continued as free cities until after the Franco-Prussian war of 1870.

We have considered the two spheres of influence. One is that of the Mediterranean; the other is that of the North.

*Trade Routes for
Italian and Hansa
Cities*

Their prosperity depended upon the trade routes. We have seen the lines of traffic by water from Italy to the Black Sea and to the shores of Asia Minor and Egypt, points of contact with the East. Let us now glance at the routes between North and South Europe.

This was by sea from the Mediterranean through the Straits of Gibraltar, up the coast of Spain and France to Flanders. This route was used most of all by the Italian and especially Venetian traders. Every year a fleet was sent to Flanders and

All-Water Route

TRADE AND TRADE CENTERS OF HISTORY

the English Channel. Bruges, as already seen, was the center of this trade. Here the merchants of the South met those of the Hansa.

At Bruges the water route also met the land route, by the way through Central Europe. The most important

Land Route part of the trade came through Venice.

Starting there, as a glance at the map will show, this route went to the Alps and divided. One way turned to the Northwest via Basel and followed the Rhine through Mainz, Coblenz and Cologne (or Köln), to Bruges. The other turned northeast through Augsburg, Nuremberg, Erfurt and on, direct to Hamburg and Lubeck.

There was still another route direct from the East. Starting at the Black Sea, it followed the Danube

The Danube Route through Vienna, then to Passau, Regensburg and Nuremberg, where it

struck the above mentioned route to Hamburg and also cut across by Frankfort to the road to Bruges.

All these cities of Middle Europe gained their prominence and power from their connection with these trade routes. Many of them are now towns of the third and fourth rank. In their time they were the great centers of manufacturing, trade, and banking of the world. Their annals contain the lives of the great merchants and bankers of Europe in the Middle Ages.

A word should be said about the place of fairs in commerce. The merchants travelled over these routes to the

Fairs great annual fairs which were held for days at a time in various places. These

fairs were necessary in an age of small towns and of a very limited shop-keeping class. The population mostly



DIE BÖRSE UND BANK, HAMBURG

Adolphsplatz

TRADE AND TRADE CENTERS OF HISTORY

lived in small towns. In England, for example, only ten towns contained more than 5,000 inhabitants. In these villages a trader could hardly find permanent custom for his wares. Besides, a wider market for the villages was needed. These demands the fairs met. The annual pilgrimage to Mecca was the occasion of such a fair in the East. Winchester in England had a fair lasting sixteen days. The great common was covered with booths and tents, and divided into streets, called after the names of the wares sold therein, such as the "Drapery," the "Pottery," the "Spicery." Smithfield and Stourbridge near Cambridge were other great centers. In Europe, Beaucaire on the Rhone in France, and Leipzig in Germany were great fair centers. The greatest European fair, existing up to the present was that of Nijni-Novgorod in Russia. Railroads, easier communication and larger cities have done away with the necessity of the fair and the class of travelling traders. Their place is taken by the great international exhibitions and by commercial travellers.

We owe to the Italian cities the progress of mercantile science in nearly every department—in banking, cur-

*Banking and
Currency*

rency, marine insurance, etc. Several text-books on commercial subjects were published in Florence before 1400 A.D.

Book-keeping by double entry was also a Florentine invention. The Bank of Amsterdam, founded in 1609, was one of the greatest banks of these times. It was principally intended to obviate the inconvenience and uncertainty arising from the circulation of the coins imported into Amsterdam from all parts of the world. Merchants carried the coin to the bank, and obtained credit for the

TRADE AND TRADE CENTERS OF HISTORY

same on its books. These depositaries were called bank-money; and all considerable payments were made by writing it off from the account of one individual to that of another. After the fall of the Western Roman Empire silver was the principal metal for coinage; but great diversity and confusion existed. Karl the Great made an effort to establish a universal system, based upon the pound of silver as the unit. This gave the name to the English Sterling. This system was introduced into all Western European countries. Unfortunately it did not last long. The previous confusion returned. Almost every baron had a mint in his castle. Depreciation became reckless. Eastern coins were much favored. The gold Bezant was worth from £1 to 10s. The next most famous coin was probably the gold florin (about 1252) containing 54 grains of gold. The ratio of silver to gold was about one to ten or one to twelve; it did not rise to one to fifteen until the Seventeenth Century.

Finally, what were the causes for the decline of the great cities of the Middle Ages? We must remember that

*Decline of Medieval
Trade Centers*

they owed their importance largely to the trade routes. International dissensions and mutual jealousies had much to do with the outcome, it is true, but the real causes lie deeper.

First, in the Fifteenth Century came the victories of the Ottoman Turks over the Eastern Empire. They were first heard of by Europeans about 1240. Gradually they gained all the old provinces of the East. For a time they suffered a check, but again pressed forward, and in 1453 took Constantinople. The Turks thenceforth formed an

*Interruption of
Eastern Trade*

TRADE AND TRADE CENTERS OF HISTORY

effectual bar to commerce. The land route by way of the Danube was blocked completely, and the Venetian commerce in the Black Sea was utterly annihilated. Then came the conquest of Egypt blocking the third and last route of the trade that had made the cities of Italy and Middle Europe what they were. Their work was done. Thereafter their history is a history of decline.

Discovery is the other factor in the decay of these cities. We have noted the progress of the art of navigation.

Discoveries Men were now ready to try the unknown waves; and it was providential for Europe in general, since Europe was cut off by the Turks from the old routes to the East. Now arise Vasco de Gama and Columbus. The former doubles the southern extremity of Africa in 1497 and arrives on the coast of Malabar, opening a new route for the intercourse between Europe and the East. Egypt ceased to be the commercial center of the world. Lisbon and Antwerp, which later had taken the place of Bruges of the old Hansa, now became the leading ports of entry to the trade which had been so long monopolized by the Italian cities. The compass had done its work. The open expanse of vast oceans was now to be covered with lanes of trade as clear to the mariner as formerly to the Roman were his roads. The newer peoples of North Europe and England had also learned their trade and finance. So it happened that when the Turk threw a wall across the ways to the East, and when the Portuguese sailor had found a path about Africa to India, first his own people, then the Dutch, and finally the English made new and successive centers for the trade of the world. But that is the story of Modern

TRADE AND TRADE CENTERS OF HISTORY

and not Medieval trade. In a word, then, the Turk as a negative power, and the discoverer with his compass as a positive force, caused the decay of the Italian cities and the League of Middle Europe.



A View of the BANK of ENGLAND, Threadneedle Street, London.

Sir Robert Taylor, Bart., Architect of the King.

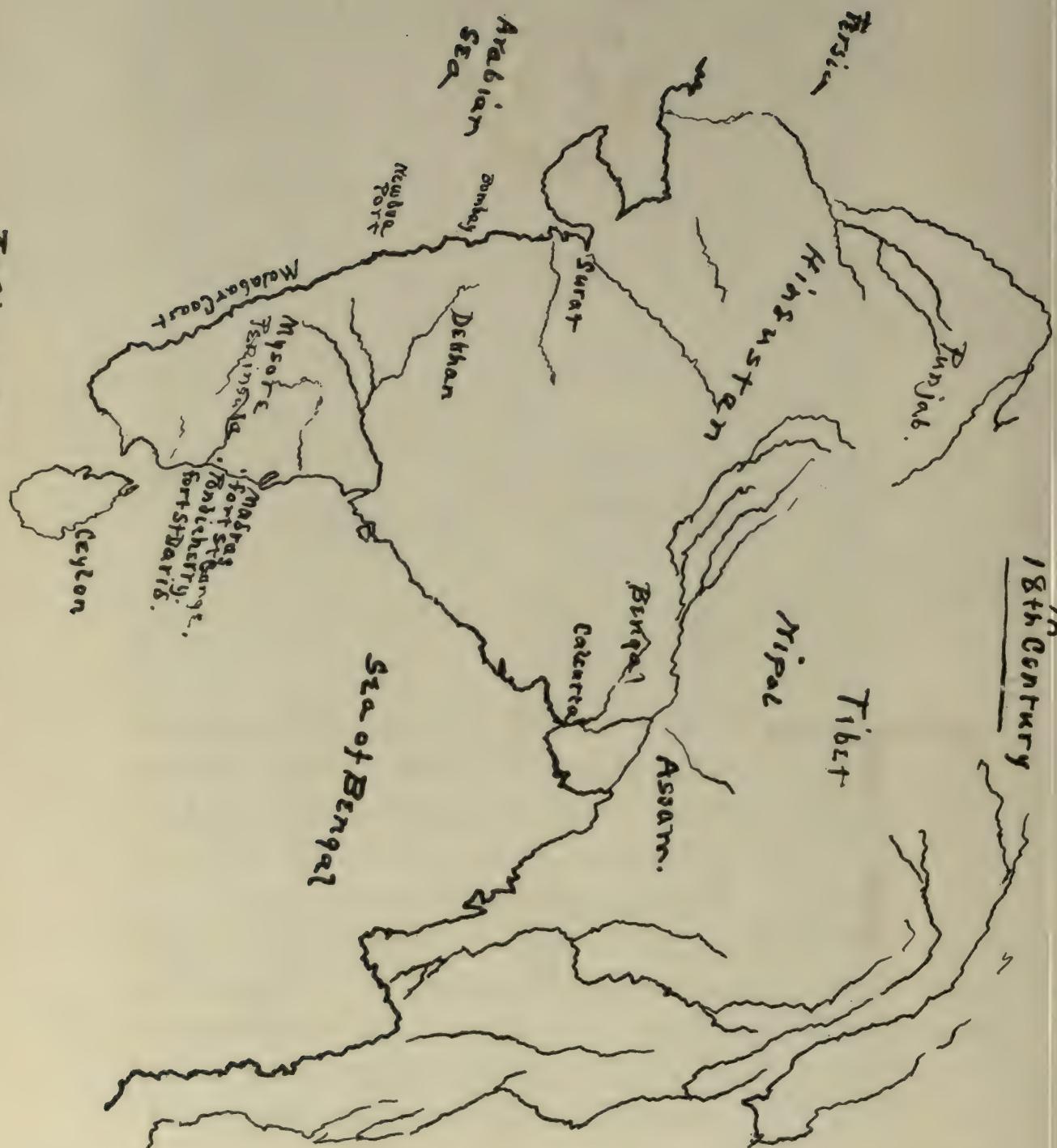
Jth. Comm. erected 1733. G. Sampson, Architect.



PART II

India

18th Century





PART II

THE DEVELOPMENT OF MODERN COMMERCE FROM 1492 TO 1770



HE first half of the history of trade and trade centers in Modern times is clearly marked out as the period from the beginning of discoveries in the East and West to the French Revolution.

All through the Middle Ages the life of European commerce had depended for its support on contact with the East. The rise of the Mohammedan

Eastern Trade power during the closing years of the Fifteenth Century was a growing menace to the safety of this trade. One after another of the highways to the East was effectually closed. The overland route was the first to go—the Danube route. Gradually Islamism threw its impassable bulwark of fanaticism

TRADE AND TRADE CENTERS OF HISTORY

round the eastern shore of the Mediterranean, until at last, by the conquest of Egypt in 1510, the last inland sea route was locked against the Christian. But Providence, or necessity, as one may choose to say, was at the same time making a way round the difficulty. Invention and discovery were playing their parts and playing them well. The compass was at hand. Stronger ships were built to battle with the fiercer and wider seas. Men dared now to go out of sight of land. This is the age of the fateful voyages of Vasco de Gama and Columbus, of John and Sebastian Cabot, of Drake, Hawkins, Frobisher, Sir Humphrey Gilbert and of Sir Walter Raleigh.

Heretofore geography had meant only Europe, a fringe of land about the Mediterranean, and beyond that only

Geography narrow and indefinite lines of knowledge running a little way down the coast of Africa and through the Red Sea and overland to mysterious Asia. These soon blurred into shadow. All the rest was hearsay and wonder. The Sixteenth and Seventeenth Centuries made a new world, opening undreamed of possibilities of Empire. The chances of it all fairly swept the young and vigorous peoples of Europe off their feet. A new learning, a new political, social and religious impulse was imparted to the stiff and stationary life of the previous ages. The conjunction of opportunity and knowledge combined with great social, religious and political movements to transform European life. This is the age of Copernicus, Galileo, Kepler, Descartes, Napier, Bacon, Harvey, Snelling. The science of algebra, logarithms, the law of refraction, the discovery of the circulation of the blood, the invention of the air pump, of the quadrant for measuring angles, the tele-

TRADE AND TRADE CENTERS OF HISTORY

scope, the microscope, the thermometer, the barometer, the micrometer, and the camera obscura—all these are the products of the inventive skill of this period. Imagine, if possible, our world without them, and the value of these contributions to human advance becomes apparent.

All these facts and forces act and react upon each other in the play of history. Neither politics, nor religion, nor

New Outlook social forces alone command. The most powerful factor of all is commerce. Men

desire to have. The lust of gain drives them on. Cities, states, reigning houses, guilds and trading companies, all rise and have their day until they fail of their purpose, and then they are cast aside. In the quest for gain, men unlock the gates of knowledge. The result is a new social, religious and political outlook. But in reality, although of immense and permanent value, they are all by-products, so to speak, of the persistent effort to command the commerce of the world.

Nor is this as low and sordid a view as it seems. Man would never build a roof over his head, if necessity did not compel. Hence the beginnings of architecture. Clothing and food are necessities that drive men on to construct the whole vast and varied net-work of trade as civilization more and more becomes complex.

The voyages of discovery are behind Galileo's efforts. A new theology becomes necessary. The telescope gives

*The Essence of
Commerce*

us a heliocentric in the place of a geocentric universe. Social needs lead to the revolution. And the equities of trade are at the bottom of all the great wars of the period. A democratic theory was an after-thought to the rights of trade, in the separation of the American colonies from the

TRADE AND TRADE CENTERS OF HISTORY

mother country. The necessity of supplying their needs drives men on in discovery and invention. This is the essence of commerce. And commerce leads them into new lands, new knowledge and new life. All the higher forces, spiritual, social, moral and intellectual, cast their roots deep down in the soil of the material, and they stand the better against the storms for that very fact. Commerce then is the motive force of all human progress; and the key to history is not to be found in the account of religions, or of politics, or of social facts, or of lines of kings, but in commerce.

Once more we find that new trade centers rise into prominence. This comes with the closing of the old

New Trade Centers routes. The first to be noted is Lisbon.

The various European powers succeed each other in the leadership. Portugal comes first. It is a short history. Spain is next in succession. Here we behold an unexampled rise to splendour and power. The Netherlands follow, lifting their standards out of the sea and then for long time commanding all seas, as it were, by a native right. The French are hard upon them in expansion; adventurous, chivalrous and theatrical. And lastly England looms large in the world game of commercial empire; dogged, determined, persistent, until absolute command is practically hers. The history of the trade of the times is the history of the rise and decline of each one of these nations.

It was a sailor of Portugal who first found his way, or, we might say, lost his way round the Cape of Good Hope.

The Portuguese One of the younger sons of King John I of Portugal sent an expedition along the coast of Africa southward as early as 1415. The maritime spirit of the Portuguese expended itself in this di-

TRADE AND TRADE CENTERS OF HISTORY

rection for several years. At last Bartholomew Diaz succeeded in rounding the southern extremity of Africa in 1486. He did not know of it, however, until he was beating his way back about this point which he called the Cape of Storms.

Vasco de Gama sailed from Lisbon July 8, 1497, and landed on the coast of Malabar May 20, 1498. A new

Route to India route to India became an accomplished fact. Men were sailing east and west,

by northern and southern routes, for the long-hoped-for new way. At last it was demonstrated that there was a way. And if one, why not another, or several others? Discovery had begun anew, the whole of Europe was soon on fire with the spirit of adventure over seas.

The first settlement in the East was made by the next voyager, Alvarez Cabral. He was allowed to establish a post, or factory, as it was then called, on the coast of Malabar. Soon there was a misunderstanding. The massacre of the Portuguese followed. Alvarez Cabral then went on up to Cochin. The vengeance of the Malabar ruler pursued him there. From this time until 1542, it was by constant and severe warfare that the Portuguese established themselves. But by that time the Portuguese controlled all the Asiatic trade from the Persian Gulf to Japan. Even Venice, jealous of her power, sided with the natives; but to no purpose. For the next sixty years the kingdom of Portugal was at the height of its power in the East.

About once a year a trading fleet would be sent out from Lisbon with a convoy of ships of war. They kept

Portuguese Methods close to the coast down to the Cape, then would often try for a straight course to

Goa, their principal factory. The trade was, of course, an

TRADE AND TRADE CENTERS OF HISTORY

absolute monopoly. Even the traders were not allowed to take any share in the intermediate commerce between India and other Eastern lands. That was reserved for the Crown alone. The fleet usually took about eighteen months for the round trip. The voyage was hazardous, often accompanied by the loss of several ships; but the profits were enormous. Even so the Portuguese did not distribute their own cargoes. The Dutch, English and Hansa merchants met them at Lisbon and became the middlemen in the trade. No serious attempt at colonization was made. It was an Empire for trade and trade only, a rule for exploitation.

It was hardly a century before the collapse came. Avarice and oppression played a large part. The rigid monopoly only stifled trade. Discipline and defense were both neglected. In 1580 the Crown of Portugal was united to that of Spain in the person of Philip II. This completed the downfall in the East. Spain made war with the Dutch; and this war drove the latter into the Orient in a war of reprisal. Only Goa and a few small stations survived in the middle of the Seventeenth Century of all that former magnificent domain.

It is not necessary to state in detail the familiar discoveries in the West. While the Portuguese were pushing *Spanish Dominions* eastward, the Spaniards were striving for a route to India in the opposite direction. The permanent result was the establishment of a great Empire in the new-found lands. First came the conquest of Mexico in 1519 by Cortez; then of Peru by Pizarro in 1524; and of Chili by Almagro in 1535. For one hundred years, up to the Seventeenth Century, Spain controlled the new world and its control was reinforced

TRADE AND TRADE CENTERS OF HISTORY

by a papal decree. France made one effort in the century, but only the name survives in the Carolinas. It is an interesting, cruel and tyrannical history to follow. In the name of religion and under its guise the remorseless robbery of primitive peoples of the West was carried on.

It must be remembered that Spain was the leading power of Europe in the Sixteenth Century. The year of

*Spain the Great
Power*

Columbus' discovery of America marked the conquest of Granada and the annihilation of the Moors in Spain. By a fortunate chain of inheritance Charles V gained the Empire of Germany, the Netherlands, Burgundy and Sicily. Philip II added the possessions in Africa, the Portuguese power in Asia, the Philippines, and all the vast Empire of the Western Hemisphere. The extent of her absolute power is unparalleled in possibilities. Spain had, however, but one object, extortion. There was no serious attempt at colonization. The acquisition of gold and silver alone ruled. Industries were neglected even at home. The necessities of life had to be imported; and the carrying trade at last fell into the hands of the Dutch. In 1532 the silver mines in Mexico were discovered, then those in Peru. It is a sad history. The natives were worked in the mines as slaves until they perished. Then African slaves had to be imported. An era of the greatest luxury arose at home. The amount of precious metals that was carried over the trails up the west coast from Peru, across the Isthmus and then shipped to Spain, is past all comparison. The new lands were denuded of their wealth.

The utter neglect, however, of commerce and the industrial arts brought on its natural consequence, financial ruin. The metals left the country as fast as they came.

TRADE AND TRADE CENTERS OF HISTORY

Spain became the great market of Europe; and the permanent profit went to the producing and trading companies of other lands.

The decline began with the revolt of the Netherlands in 1579. Then followed the attack of the Armada upon

Decay of Spanish Power England in 1588. England and the Netherlands ruined her carrying trade with her colonies; and after the peace of

1648 Spain was once more at the bottom financially, commercially and industrially. One by one her colonies revolted until at last the few remaining passed either to the United States or to independence at the close of the Nineteenth Century.

During the Sixteenth Century, as shown above, the Iberian Peninsula with the cities of Lisbon, Seville, and

Cadiz were the dominant trade centers.

New Leaders in Trade But all through this period new leaders were preparing to come into the inheritance.

These were the Dutch and English. Already in the Sixteenth Century Antwerp had taken a leading place. Monopoly was the fixed policy of all nations and trading companies. Antwerp was the one exception. Her markets were comparatively free. We are told that 500 vessels at a time might be seen at her quays and an equal number were passing and repassing upon the waters of the Scheldt. Ten thousand wagons delivered and distributed her merchandise. For a time the Spanish rule in the Netherlands was nominal. The Dutch rose in wealth and power because they were doing the carrying trade for Spain. But the Inquisition came. The bigotry of Philip and the ferocity of Alva destroyed the power of Antwerp, and her supremacy passed to Amsterdam.

TRADE AND TRADE CENTERS OF HISTORY

Monopoly, as indicated, is the chief characteristic of commerce up to this time. The new example of comparative freedom of trade was set by Holland. Freedom here as well as in religion was her chief characteristic.

Monopoly vs. Freedom of Commerce

While other nations strangled commerce by high protective tariffs, the Dutch duties on both exports and imports were the lowest.

The result was that in the reign of James I England was far behind Holland in magnitude and methods of trade. Sir Walter Raleigh compared the commerce of the English and Dutch at this time. He says that from 500 to 600 ships were engaged in commerce between the two countries, not a tenth of them being English. They had a monopoly of the fisheries of Northern and Central Europe with an annual value of £2,000,000. A thousand ships were in the wine and salt trade with France and Spain. England had not one. Three thousand ships traded with Prussia and North-eastern Europe, to England's 100. And 2,000 more went to France, Spain, Portugal, and Italy.

The religious factor in economic conditions at this time was considerable. Roman Catholic Spain by her wars

*Dutch Colonies in
the East*

against Protestantism drove both the English and the Dutch into expeditions of reprisal against her commerce. The

Port of Lisbon was closed against the Dutch in 1591. They had to do one of two things; either give up their share in the Eastern trade which they had had through this port formerly, or go to the East themselves. This latter course they took. "A Company for Foreign Parts" was formed. The first expedition was under Houtman.

TRADE AND TRADE CENTERS OF HISTORY

He went to Madeira, Java and other ports. Then followed Admiral Van Neck, and a permanent settlement in Java. Other merchants followed him. The Dutch after considerable fighting with the natives and the Portuguese were at last established in the East.

In 1602 a charter was granted to the Dutch East India Company. This was the pattern of all subsequent com-

*Dutch
East India Co.* panies. It had authority to make peace or war with Eastern princes, erect forts and appoint administrative and judicial officers. By 1660 the Dutch had become the masters of the eastern trade with factories all the way from India to Japan. Enriched by their gains they sought to build up another Empire in the West. Their dependencies stretched from the East round the Cape of Good Hope to the West Indies, Brazil, Guinea and New Amsterdam. Later their eastern possessions passed to the French in 1810, then to the English in 1812. After Waterloo they were returned to the Dutch and since then have remained with them. But the real control of the East passed, as we shall see, permanently to the English.

This is a short story. The French never exhibited any great colonizing abilities in this region. A few sporadic

*France
in the East* stations were established in Madagascar, Siam, Ceylon and Surat. They prospered only in India where the French East India Company made a settlement at Pondicherry in 1634. But their power here, like that of the Dutch, lasted hardly a century. The English under Clive drove them out just as they were gaining control of the whole Southern Peninsula.

This is a better and more brilliant history. The French



JOANNES BAPTISTA COLBERT

TRADE AND TRADE CENTERS OF HISTORY

colonies in America represent a most noble, interesting and dramatic effort on the part of brave men in the best days of the Empire.

*The French
in the West*

The colonial ambitions of France were largely due to the policy of the brilliant minister of Louis XIV, Colbert. Canada was, of course, the most important colony. On her all the others depended. The commercial ambitions united with the religious zeal of the orders to push into the unknown wilderness and make of the land a new France worthy of the old. Canada was settled in 1608. Thence the explorers pushed through the Great Lakes to the headwaters of the Mississippi. Thence they had traced the waters of the mighty river down to the sea by 1632. All this land they named Louisiana. The English held a fringe along the Atlantic. France claimed all the country from Canada north, and from the Alleghanies west and south to the Gulf. The extent and history of this power in America is well known. But conflict with the English was inevitable. It came just before and during the Seven Years' War, 1756–63. The border clashes such as that at Fort Duquesne soon developed into regular war. The Battle of the Heights of Abraham in 1759 decided the fate of Canada. Quebec fell to the English, and the Treaty of Paris gave to England all her western colonies, except Louisiana. This was purchased at the beginning of the Nineteenth Century by the United States.

Any attempt to compress within the limits of a review of a few pages the account of the marvellous development of English power in this period must of necessity be inadequate. Last in the field she reaps the harvest where others have

English Supremacy

TRADE AND TRADE CENTERS OF HISTORY

sown the seed. Side by side with them in daring and in desire she is the youngest of the company of European nations to attain her majority. Peculiar circumstances contribute to this result. At home she had been fast bound in the clutches of the Hansa Company privileges. Again religion had played its part. The western world had been granted by the Pope to Spain; the Indian possessions by the same power, to the Portuguese. At home from a fifth to a third of her lands was in the hands of the monastic orders. The change came with the Reformation. Under Henry VIII the possessions were distributed among the nobility. Small farming was done away with. The wool industry came to the fore. This staple greatly increased in value because of the vast increase in the world's visible supply of bullion from the mines of the Spanish possessions. England must now have markets. The papal ban could now be ignored. English merchants were free to trade where they could. And it became a principle to prey upon the commerce of their Roman Catholic enemies.

English sailors at this time began to come to the fore. The Cabots in 1497 discovered the coast of Labrador.

English Sailors Frobisher sailed into Hudson's Bay.

Oxenham went to Panama. Hawkins opened up the coast of Guinea. Drake sailed from Plymouth in 1577 and, circumnavigating the globe, returned there in 1580. In 1582 the first English sailor, Captain Stephens, sailed round the cape to India. He was followed by Captain Lancaster who took out the first fleet of five ships for the East India Company in 1601 and returned in 1603. The avenues of the trade of the world were now open to the English.

TRADE AND TRADE CENTERS OF HISTORY

The agency employed for this vast commercial development was the chartered companies. These were of

*Chartered
Companies*

two classes: the so-called Regulated Companies and the Joint Stock Companies.

The Regulated Companies were associations of traders for admission to which a fee was charged. The purpose was mutual protection and no merchant could do business within the limits of the privileged company unless a member. The Staplers were the earliest of this class, tracing a connection with the Brotherhood of Thomas à Becket. This became afterwards the company of the Merchant Adventurers. The Russian, the Eastland and the Turkish were the other leading companies of this order. We shall not trace their history for the reason that their trade, as indicated by the names, was only within the main established sections. They are of great importance, however, for they opened up vast markets for wool, tin, and other products of the kingdom.

The three most important of the Joint Stock Companies at the end of the Seventeenth Century were the East India, the Royal African and the Hudson Bay.

The course of the greatest of them—the East India—is of first importance. Through this company England won

Trade with the East finally her great eastern dominions.

The company was incorporated in 1600. Seventy-two thousand pounds sterling were raised to equip the first expedition under Lancaster mentioned above. The profits of the first expedition were slight; and only a precarious footing was gained in Sumatra. But the expedition under David Middleton in 1609 yielded 211 per cent. Succeeding expeditions yielded from 131 to 340 per cent. In 1613 relations were estab-

TRADE AND TRADE CENTERS OF HISTORY

lished with the Great Mogul and a factory was set up at Surat. Others followed rapidly—Madras, Bengal, and Bombay. During this period, the time of Charles II and James II, the affairs of the company in England were in the hands of the eminent merchant, Sir Josiah Child. He first considered the plan of winning territorial sovereignty by force of arms. So far, in spite of large profits from actual trade, the net income, by reason of heavy losses and expensive quarrels with the Dutch, had not been large. Then too there was the deadening influence of a monopoly.

But now came the change. The Empire of the Moguls since 1707 had been rapidly falling to pieces. The French

The Work of Clive and English companies were soon at war with each other, ranging the many petty native princes upon the one side or the other. This began in 1748. Clive was the English commander. In 1751 he raised the siege of Arcot. Their defeat of the French and their allies established the reputation of the English with the natives. It is needless to trace the conflict which lasted in India from this date to the time of Napoleon. In 1765 Lord Clive became Governor of Bengal, and the practical sovereignty of Northern India passed to England. In 1770 the government took a hand in reorganizing the India Company; and Warren Hastings became the first governor-general of India.

In reality the company was never continuously prosperous. There were great revenues and great expenses. Officials returned from India immensely wealthy. The trade was never what it should have been considering the large resources. Not until the Great Mutiny gave the company its death blow did the trade, open then to all,



S^r Josiah Child Bar.

TRADE AND TRADE CENTERS OF HISTORY

begin to measure up to the possibilities of that great Eastern Empire.

Here, as in the East, England was last of all the great colonizing powers to enter the field. At one time there

*The English in
America*

had been a Greater Spain, a Greater Holland, and a Greater France. But these countries were not successful as

permanent colonizers. The Spanish and French mingled with the native stock. A large half-caste population grew up, leaving the Europeans in the minority. The English, on the other hand, did not amalgamate with the natives. The result was large and growing permanent colonies of Europeans. English laws and religion, English thrift and endurance were characteristics of the colonies as of the mother country.

Again, it is to be noted that the English colonies in America were built upon the ruins of the earlier attempts of other European nations. It was in a measure a repetition of the method in the East. Here also France was the serious competitor. For a time she threatened to enclose the scattered shore line colonies of the English all the way from Quebec to Erie and down the Mississippi Valley by a chain of forts that bid fair to crush them. But French ambitions in Europe were too great to allow her to send sufficient force to maintain her American policy. The result we have indicated above.

In 1606 both the London and Plymouth companies were granted charters. The former settled in Jamestown, but

Trading Companies its charter passed to the Crown as early as 1624. The latter charter was nominal only. At no time do chartered companies here play

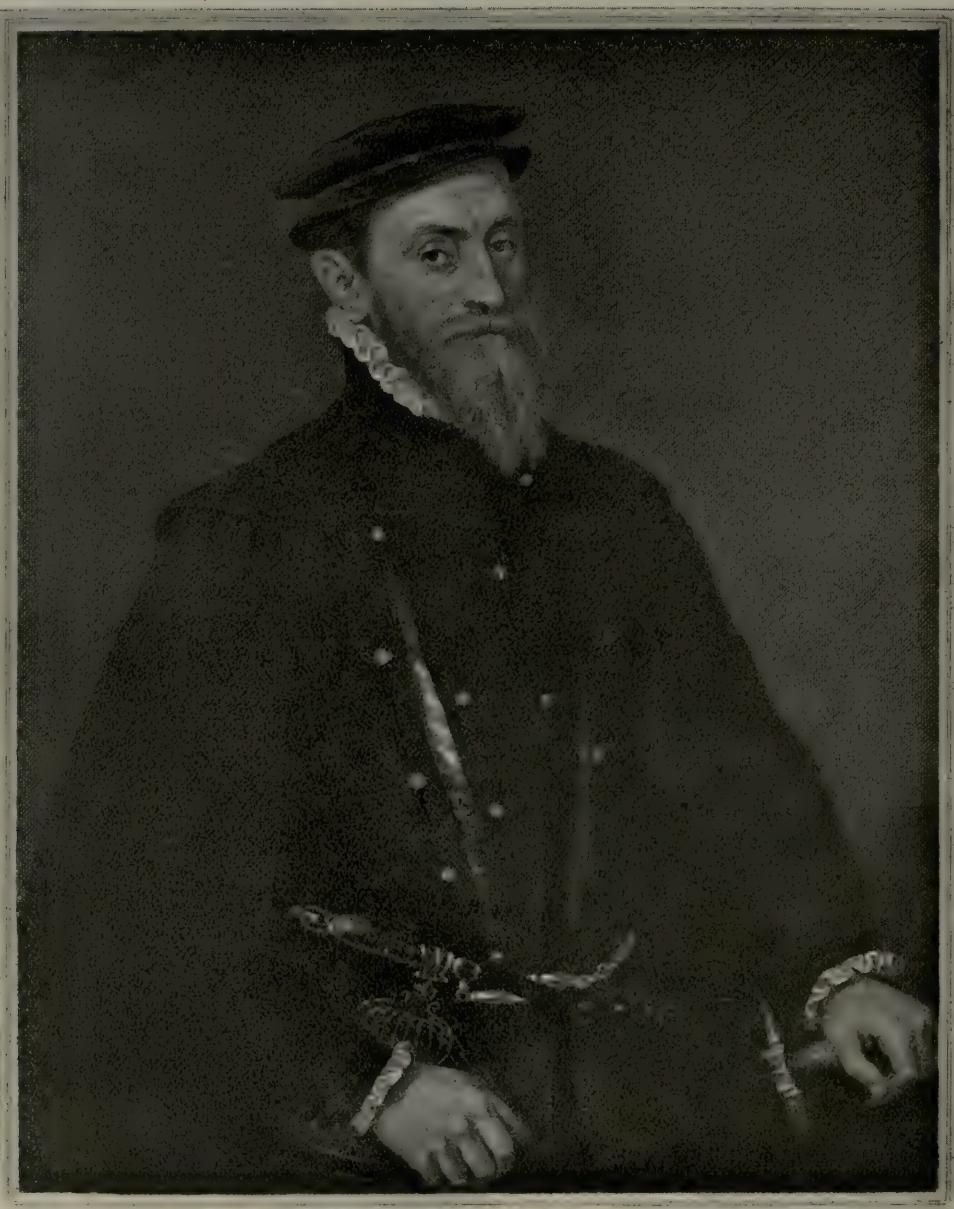
the part they did in the English occupation of the East.

TRADE AND TRADE CENTERS OF HISTORY

It is unnecessary to trace the familiar history of the American colonies. They grew rapidly. By 1688 the population numbered 200,000. In 1756 there were 1,300,000 inhabitants. Unfortunately for her England looked upon the colonies as a means solely for her own enrichment. A sole market and monopoly was the method.

This led to the Navigation Act passed under Cromwell and re-enacted under Charles II. By its provisions all merchandise was to be carried in English ships, commanded and manned by English seamen. The Navigation Act in various forms continued down to 1825. Out of it grew the war with the Dutch. The same exclusive high protection policy led also to the loss of the thirteen colonies. Some claim that this policy ruined the Dutch trade. It may be; or it may have been the ruinous wars of the Dutch at home. At any rate, by the time of William and Mary, Dutch commerce had ceased to be supreme.

Now comes the time of England's commercial supremacy. Home manufactures increased greatly. Persecutions in the Netherlands and the revocation of the Edict of Nantes drove thousands of the elite of the industrial population of those countries to England. The tonnage of the Royal Navy at the time of the revolution (1688) was 101,892; and the merchant marine had increased in the same proportion. Her isolated position and the religious independence of Europe made England comparatively secure. The coinage, so debased in the time of Henry VIII and Edward VI, was brought to a sound basis by the middle of the Seventeenth Century through the skill of Sir Thomas Gresham.



Sir Thomas Gresham.

*From the original of Holbein in
Mercers Hall, London*

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Then came the Bank of England. William Paterson propounded a scheme of raising a fund of £1,200,000 by public subscription, the subscribers to be incorporated under the name of the *Bank of England* Governors and Company of the Bank of England, and to receive interest at 8 per cent. with an annual payment of £4,000 for management. The money was loaned the Government on the security of the taxes on beer and liquors, and rates on shipping. This is the beginning of the National Debt System of modern times. The charter received the royal assent in 1694. The further history of the Bank is well known. A period of great prosperity now set in. Speculation was rife. The South Sea Company is a leading example. The public bought feverishly of its stock; in fact, of the stock of hundreds of rotten companies. The reaction came. Thousands of credulous shareholders were ruined; and the Government had to take a hand in restoring public confidence.

To understand the wars of the Seventeenth and Eighteenth Centuries, it must be remembered that they were all wars for commercial supremacy. England was engaged in building up an Empire of trade. Her final and persistent foe was France, and the expulsion of the latter from the first ranks as a commercial nation was the result of the conflict.

The center of trade was now fixed in England. Gradually the leadership in commerce had passed from Spain to Holland, from Holland to France, from France to England; and England, last in the field, comes reaping the benefits. Lisbon, Amsterdam, Antwerp succeed each other as monetary and commercial centers. London, the frontier town of the Middle Ages, at last supplants them

TRADE AND TRADE CENTERS OF HISTORY

all. Such is the long march from the banks of the Nile to the shores of the Mediterranean and out into the open sea of commercial activity. It may be that the monetary and trade supremacy may continue on the move ever westward to new centers. From this period and on into the present the principal trade routes are those over seas; and the dominant trade centers are the great ocean ports. Commerce to-day as in the past depends upon the interchange between the East and West. Its distinctive feature has become its international character—a marked advance upon the older struggles for particular national supremacy and monopoly.

Leadership, and not monopoly excluding and crushing all rivals, is now the ideal of trade. Natural advantages, the better facilities of exchange, the most modern methods, a sound currency, and the freest markets are the present day factors which make for commercial leadership.

The marvellous resources of the United States and her growing financial influence are building up in her leading city a commanding center of trade.

Together with the awakening of the East and the completion of the Isthmian canal the commercial supremacy bids fair to continue its westward progress.

Invention and discovery have done their work. Integrity and method are now determining factors.

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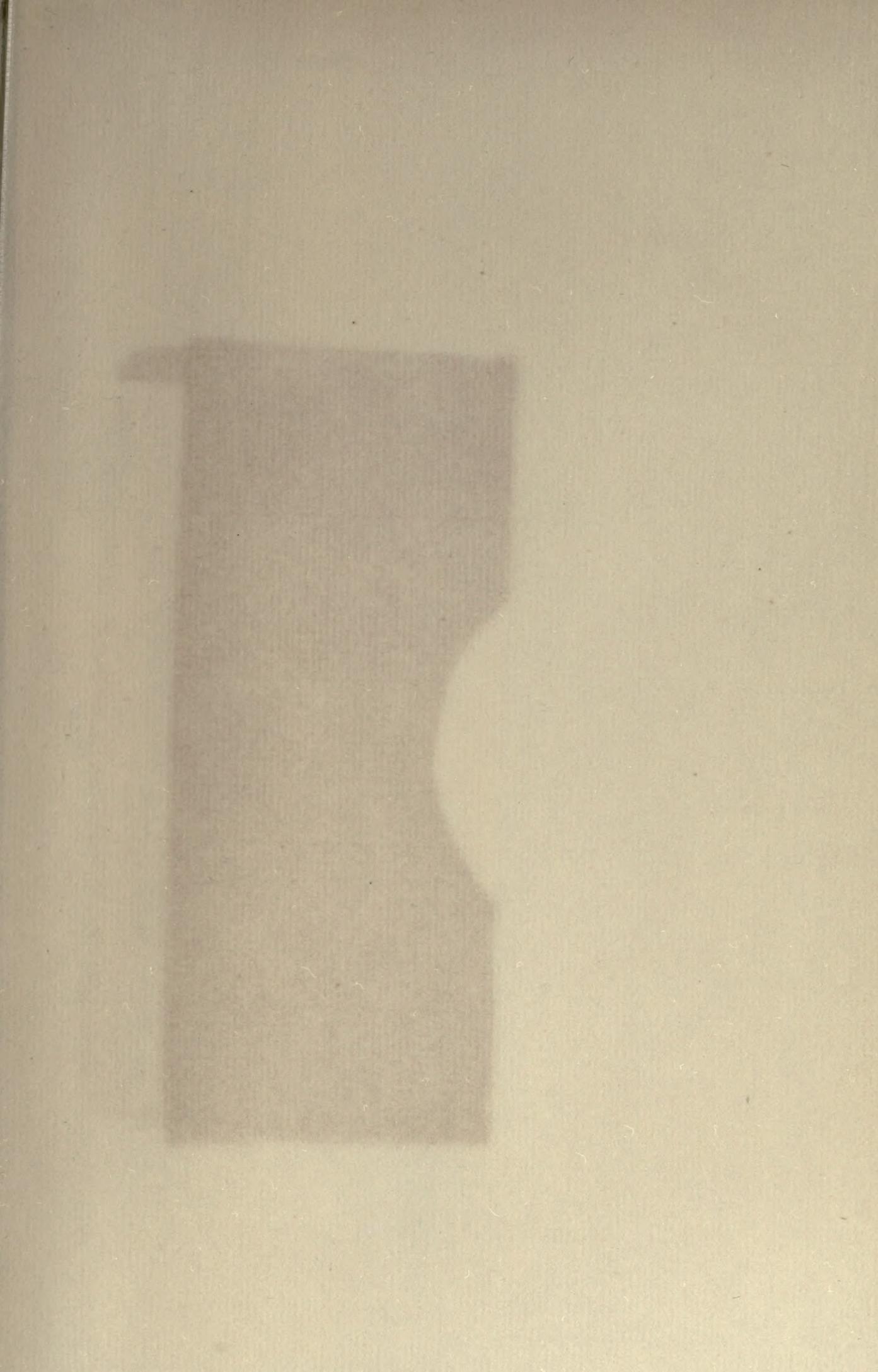
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